

NORTHERN CANADA MINES,
LIMITED

Annual Report

FOR THE YEAR ENDED SEPTEMBER 30, 1974



NORTHERN CANADA MINES, LIMITED

(Incorporated under the laws of Ontario on January 24, 1938)

Information Circular

1. **Annual Meeting and Revocability of Proxy:** This information circular is furnished in connection with the solicitation of proxies by or on behalf of the management of the Company for use at the annual meeting of the shareholders of the Company to be held at Toronto, Ontario on February 27, 1975 for the purposes set forth in the notice of meeting.

A shareholder executing a proxy has the right to revoke it at any time before it is exercised.

2. **Persons or Companies Making the Solicitation:** This solicitation is made by the management of the Company at the Company's expense. Proxies given to the management will be voted at the meeting in accordance with the specifications given by the shareholder in the proxy with respect to the matters to be acted upon. However, the proxy is conferring discretionary authority with respect to amendments or variations to matters identified in the notice of the meeting of other matters which may properly come before the meeting.

3. **Interest of Certain Persons and Companies in Matters to be Acted Upon:** There are no matters proposed to be acted upon other than to receive the financial statements of the Company for the year ended September 30, 1974 together with the report of the auditors thereon, to receive the report of the Directors, to elect directors and to appoint auditors and authorize the Directors to fix their remuneration.

4. **Voting Shares and Principal Holders Thereof:** At January 8, 1975, there were 1,560,000 common shares outstanding, each entitled to one vote. Only shareholders of the Company of record at the time of the meeting will be entitled to vote at the meeting. By authority of a resolution of the Directors of the Company, instruments appointing proxies to be used at such meeting must be deposited with the Secretary of the Company or its transfer agent, The Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario, M5J 1T8, at least 48 hours preceding the time of the said meeting.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON TO ATTEND AND ACT FOR HIM ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY AND MAY DO SO BY FILLING IN THE NAME OF THE APPOINTEE IN THE SPACE PROVIDED ON THE PROXY AND CAUSING IT TO BE FILED WITH THE COMPANY OR ITS TRANSFER AGENT AT LEAST FORTY-EIGHT HOURS BEFORE THE MEETING.

On the basis of information available to the Company, the following are the names of shareholders who each owned more than 10% of the voting rights attached to all of the equity shares of the Company:

Name	Number of shares	Class of shares	Percentage of outstanding equity shares represented
Atlantic Coast Copper Corporation Limited	253,271	Common	16.2%
J. D. Irving Limited	210,000	Common	13.5%
K. C. Irving Limited	320,000	Common	20.5%

5. **Election of Directors:** There are presently five (5) Directors of the Company. The shareholders at the annual meeting will be asked to elect five (5) directors.

The following are the names of the five persons for whom it is intended that votes will be cast for their election as directors pursuant to the proxy which is hereby solicited: D. H. Allan, A. G. Kirkland, D. A. Macfarlane, Dr. A. L. McAllister, L. McC Ritchie.

The term of office for each director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed. In the event that prior to the annual meeting, any vacancies occur in the slate of nominees submitted herewith, it is intended that discretionary authority shall be granted to vote the proxy for the election of any other person or persons as directors. The management is not presently aware that any of such nominees would be unwilling to serve as a director, if elected. L. McC. Ritchie is the President of the Company, A. G. Kirkland is the Vice-President and D. A. Macfarlane is the Secretary and Treasurer of the Company at present.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

Name	Office held with Company	Principal Occupation for last 5 years	Date became a Director	Number of shares beneficially owned
D. H. Allan	—	President, Commercial Equipment Ltd.	1974	—
A. G. Kirkland	Vice-President	Executive in the employ of J. D. Irving Limited; formerly Mine Manager, Brunswick Mining and Smelting Corporation Limited	1972	—
D. A. Macfarlane	Secretary and Treasurer	Executive in the employ of J. D. Irving Limited	1971	—
Dr. A. L. McAllister	—	Professor of Geology, University of New Brunswick, Fredericton	1974	—
L. McC. Ritchie	President	Lawyer	1971	1

6. **Remuneration of Management:** Direct remuneration paid to directors and senior officers during the last complete financial year amounted to \$700.
7. **Interest of Management and Others in Material Transactions:** None.
8. **Appointment of Auditors:** It is intended to vote the proxy to reappoint Messrs. Coopers & Lybrand, who were first appointed in 1971.
9. **Management Contracts:** None.
10. **Particulars of Matters to be Acted Upon:** Other than the matters referred to in the notice of meeting, the management of the Company knows of no matters to come before the meeting.

DIRECTORS' REPORT TO THE SHAREHOLDERS

We are pleased to report on the affairs of your Company for the year ended September 30, 1974 and we enclose the audited financial statements of the Company for that period.

Activity within the Company has been limited during the year. All of the Company's investments and mining properties have been held intact. Income has been received under the Company's agreement with The Hanna Mining Company.

A review of the potential of the Company's other mining properties was carried out in the light of current market prices, particularly gold. Consideration was given to further work on the Jutten Township claims but additional study and planning will be required before site work can be undertaken.

Your Company holds 610,560 shares of Consolidated Rambler Mines Limited (20.5% of that company's outstanding shares). Consolidated Rambler has reported net earnings of \$1.4 million (47.3c per share) for the nine months ended September 30, 1974 compared with \$2.6 million (86.0c per share) in the previous year. The lower 1974 earnings resulted primarily from the recent decline in the price of copper. Consolidated Rambler also reported that it had purchased its mining property for \$5.1 million from the original owners thereof and made the initial payment of \$2.6 million. The balance of the \$2.5 million is payable to the extent of \$1 million on October 29, 1975 and \$1.5 million on October 29, 1976. While the company has ore reserves for five or six years at current milling rates, the increase in smelting and refining costs, labour rates and taxation are a threat to its future profitability. The current overproduction of copper in the world is a major factor limiting the price of the metal, the volatility of which is well recorded. It is hoped the business recession in the U.S.A. and other countries will be short lived in order to restore the profitability of the mining industry to a level which will permit a reasonable return to those who have invested in shares of mining companies.

No new projects were undertaken during the year and accordingly the net profit has reflected in a modest increase in the Company's working capital.

All Directors of the Company are standing for re-election in the current year.

On behalf of the Board,

Saint John, N. B.

November 30, 1974

L. McC. RITCHIE
President

NORTHERN CANADA MINES, LIMITED

BALANCE SHEET AS AT SEPTEMBER 30, 1974

	A S S E T S	1974	1973
Current Assets		\$	\$
Cash		13,532	8,243
Accounts receivable		867	1,456
Short-term deposit		55,000	55,000
		69,399	64,699
Investments — at cost (note 1) (quoted value 1974 —			
\$1,473,670; 1973 — \$1,870,500)		602,942	602,942
Mining Property (note 2)		50,796	50,796
Office Furniture and Equipment — at nominal value		1	1
Deferred Exploration Expenses (note 2)		161,648	163,824
		884,786	882,262

LIABILITIES

Current Liabilities			
Accounts payable		1,050	1,100

SHAREHOLDERS' EQUITY

Capital Stock			
Authorized —			
3,000,000 shares of no par value			
Issued and fully paid —			
1,560,000 shares		1,340,000	1,340,000
Deficit		456,264	458,838
		883,736	881,162
		884,786	882,262

SIGNED ON BEHALF OF THE BOARD

L. McC. RITCHIE, Director

D. A. MACFARLANE, Director

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Northern Canada Mines, Limited as at September 30, 1974 and the statements of earning and deficit, deferred exploration expenses and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at September 30, 1974 and the results of its operations and the source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

October 9, 1974

COOPERS & LYBRAND

Chartered Accountants

NORTHERN CANADA MINES, LIMITED

STATEMENT OF EARNINGS AND DEFICIT

For the Year Ended September 30, 1974

	1974	1973
Income	\$	\$
Royalties received (net)	8,700	14,800
Less: Amount transferred to deferred expenses	2,176	3,700
	6,524	11,100
Interest earned	4,571	3,294
Gain on sale of investments	138	—
	11,233	14,394
Expenses		
Legal and audit	825	409
Directors' fees	700	300
Office and general	6,625	5,611
Property taxes	426	208
	8,576	6,528
Earnings Before Write-Offs	2,657	7,866
Exploration Expenses Written Off	83	—
Net Earnings For The Year	2,574	7,866
Deficit — Beginning of Year	458,838	466,704
Deficit — End of Year	456,264	458,838

NOTE — The company is not presently conducting mining operations and earnings per share is not considered meaningful.

NORTHERN CANADA MINES, LIMITED

STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

For the Year Ended September 30, 1974

	1974 \$	1973 \$
Source of Working Capital		
From earnings —		
Net earnings for the year	2,574	7,866
Portion of royalties received credited to deferred expenditure	2,176	3,700
Exploration expenses written off	83	—
	4,833	11,566
 Use of Working Capital		
Exploration expenditure	83	—
Increase in Working Capital	4,750	11,566
Working Capital — Beginning of Year	63,599	52,033
Working Capital — End of Year	68,349	63,599

STATEMENT OF DEFERRED EXPLORATION EXPENSES

For the Year Ended September 30, 1974

Balance — Beginning of Year	163,824	167,524
Expenses during the year	83	—
	163,907	167,524
Less: Portion of royalties received	2,176	3,700
Deferred expenses written off	83	—
	2,259	3,700
Balance — End of Year	161,648	163,824

NORTHERN CANADA MINES, LIMITED

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 1974

	Number of shares	Cost \$	Market value \$
1. Investments			
The company's investments consist of:			
Consolidated Rambler Mines Limited	610,560	566,863	1,465,345
First Orenada Mines Limited	83,250	36,062	8,325
Miscellaneous companies — at nominal value		17	—
		<u>602,942</u>	<u>1,473,670</u>

2. Mining Properties

- (a) The amount of \$50,796 shown on the balance sheet represents the cost of 160 acres located in Carnegie Township, Timmins Area. The company has also acquired from time to time other properties through staking and other methods. The cost of acquisition of these properties has been included in deferred exploration expenditure. At September 30, 1974 the company held the following additional properties:

Savant Lake —

31 mineral claims leased from the Province of Ontario in the Savant Lake Area of Western Ontario, subject to prospector's interest of 13%.

The company has leased the aforementioned mining claims to the Hanna Mining Company under a royalty agreement. Up to September 30, 1974 the company has received (net of the interest as set forth above) \$211,339 on account of royalties, \$8,700 being received in the current year. The company has adopted a policy of crediting 25% of net royalties received to deferred exploration expenditures until all of the costs incurred on the Savant Lake claims have been recovered.

Jutten Township —

4 patented mineral claims in Jutten Township, Port Arthur Mining Division of the Province of Ontario.

The Labbe Group —

A 25% interest in three development licences located in the Township of Adstock and Thedford, Province of Quebec.

- (b) Should the company commence milling operations on the Carnegie Township property, an additional amount of \$150,000 plus 10% of net profits is payable to the vendor if stated minimum quantities are mined.
- (c) The amounts shown for mining properties and deferred exploration expenses represent costs to date less amounts written off and do not necessarily reflect present or future values.

3. SENIOR OFFICERS' REMUNERATION

During the year ended September 30, 1974, the direct aggregate remuneration paid by the company to the directors and senior officers of the company was \$700.

